

BYLAWS OF THE INTERNATIONAL FUEL TAX ASSOCIATION, INC.

An Arizona Nonprofit Corporation

Article I - Offices

The principal office of the International Fuel Tax Association, Inc. (hereinafter referred to as "IFTA, Inc.") in the State of Arizona is located in the City of Chandler, County of Maricopa. IFTA, Inc. may have such other offices, either within or out of the State of Arizona as may be necessary to conduct the business of the corporation. The principal office of IFTA, Inc. may be changed from time to time in the manner provided in the Arizona Revised Statutes and without amending the Articles of Incorporation.

Article II - Membership

Section 1. *Eligibility and Requirements.* Membership in IFTA, Inc. shall be open to any state of the United States of America, the District of Columbia, any province or territory of Canada or a state of the United Mexican States. Any such entity desiring membership must submit an application to IFTA, Inc. The application must be in accordance with Article XIV of the International Fuel Tax Agreement (hereinafter referred to as the "Agreement"). All members must pay the annual membership fee adopted at an annual meeting of IFTA, Inc. and required by the Agreement. Continued membership in IFTA, Inc. is contingent upon compliance with all terms of the Agreement.

Section 2. *Expulsion.* Any member failing to properly comply with the terms of the Agreement may be expelled as provided in Article XV of the Agreement.

Section 3. *Withdrawal.* Any member may withdraw from IFTA, Inc. upon compliance with Article XIV of the Agreement.

Article III - General Membership Meetings

Section 1. *Quorum.* A two-thirds majority of the active member jurisdictions of IFTA, Inc. shall constitute a quorum. A quorum is required to conduct the business of IFTA, Inc. at a meeting of the members of the corporation. For the purposes of determining whether a quorum is established, active member jurisdictions present and/or represented by proxy shall be considered present at the meeting.

Section 2. *Annual Meeting.* An annual meeting of the members of IFTA, Inc. shall be held once each year for the purpose of electing Trustees to the Board of Trustees (hereinafter referred to as the "Board") and for the transaction of such other business as may come before the meeting. The annual meeting shall be held at such time and place as determined by the Board.

Section 3. *Special Meetings.* Special meetings of the members of IFTA, Inc. may be called by the Board. Such meetings shall be held at such time and place as determined by the Board.

Section 4. *Notice of Meetings.* Written notice stating the place, day, and hour of any meeting of the members of IFTA, Inc. shall be delivered via electronic means to each member entitled to vote at such meeting, not less than ten days before the date of such meeting. In the case of a special meeting, the notice shall contain a statement of the purpose of the meeting. Notice shall be deemed delivered on the date of the transmission.

Section 5. *Voting Rights.* Each active member jurisdiction of IFTA, Inc. shall be entitled to one vote on each matter submitted to a vote of the members at a meeting, except for a vote to elect Trustees to the Board, and on such votes each active member jurisdiction shall have one vote for each Trustee to be elected. Each active member jurisdiction shall use all votes available to it when electing Trustees, but may not use more than one vote for a single candidate. A simple majority of active member jurisdictions is required to elect a trustee to the board. Each active member jurisdiction may cast their vote by an authorized representative in person, or by proxy.

Article IV - Board of Trustees

Section 1. *General Powers.* The affairs of IFTA, Inc. shall be managed by the Board.

Section 2. *Number and Tenure.* There shall be nine Trustees on the Board. The term of office for a Trustee shall be two years, with five Trustees elected in years ending in an odd number and the other four Trustees elected in years ending in an even number, so as to provide for staggered terms of the Trustees. No Trustee may serve more than three complete two-year consecutive terms. After serving three consecutive terms, a former trustee can be eligible for election as a Trustee after a two-year separation from the Board.

Section 3. *Qualifications and Requirements.* Any commissioner of a member jurisdiction, or their designee, is eligible to serve as a Trustee and Officer. However, at least one Trustee shall be from each of the five geographic regions outlined in these bylaws (see Appendix A). Except under the circumstances described under Article Four, Section 10, no more than two trustees shall be from a single geographic region with the region represented by one trustee rotating among the geographical regions in a fair and equitable manner. At least one Trustee shall be a member where fuel taxes are administered by a tax or revenue department, and at least one Trustee shall be a member where fuel taxes are administered by a department of transportation or department of motor vehicles. At least one Trustee shall be a woman or minority. A single Trustee on the Board may satisfy more than one criterion.

Section 4. *Regular Meetings.* The Board shall meet each calendar quarter unless the President of IFTA, Inc. determines otherwise. These meetings shall be at such times and at such places as designated by the President of IFTA, Inc.

The first regular annual meeting of the Board shall be the first quarter of the calendar year. The Board shall meet during the fourth quarter for the purpose of electing officers of IFTA, Inc., in addition to such other business as may come before the Board at said meeting. The elected officers of IFTA, Inc. will become effective January 1st following the fourth quarter Board meeting. The Board may provide by resolution for the time and place of the first quarter meeting and such additional regular meetings of the Board necessary to manage the business of IFTA, Inc. without any notice other than such resolution.

Section 5. *Special Meetings.* Special meetings of the Board may be called by the President of IFTA, Inc. The time and place of special meetings shall be fixed by the President, and if desirable, may be held via teleconference and/or e-mail.

Section 6. *Notice.* Notice of any special meeting of the Board shall be given at least two days prior to the meeting if sent via electronic means Notice shall be deemed delivered on the day of the transmission. Any Trustee may waive notice of a meeting. The attendance of a Trustee at a meeting shall constitute a waiver of notice of such meeting, unless said Trustee appears solely to object to the transaction of business at the meeting due to improper notice and also refuses to take part in any of the business transacted at such meeting because of the improper notice.

Section 7. *Quorum.* A two-thirds majority of the Trustees shall constitute a quorum for the transaction of business at any meeting of the Board; but, if less than a two-thirds majority of the Trustees are present at a meeting, a majority of the Trustees present may adjourn the meeting from time to time without providing any further notice of said meeting.

Any one or more members of the Board may participate in a meeting of the Board by means of teleconference or similar communications equipment by means of which all persons participating in the meeting can communicate with each other, and participation in a meeting by such means shall constitute presence in person at such meeting.

Section 8. *Voting Rights.* Each Trustee shall have one vote.

Section 9. *Manner of Acting.* Except as otherwise provided in these bylaws, the act of a two-thirds majority of the Trustees shall be the act of the Board. A Trustee present at a meeting of the Board at which action on any matter of IFTA, Inc. is taken shall be presumed to have assented to the action unless a dissent is entered in the minutes of the meeting, or unless a dissent has been filed with the Executive Director of IFTA, Inc. No Trustee who votes in favor of any action may file a dissent or have same entered in the minutes of the meeting.

Section 10. *Vacancies*

Full Term Vacancies - The President of IFTA, Inc. shall direct that nominations be sought from member jurisdictions for election to the Board. Nominations including those of trustees

wishing re-election may be made prior to the annual meeting or from the floor at the Annual Business Meeting.

The President of IFTA Inc. shall each year establish an Election Committee consisting of the Trustees whose terms are not expiring. The Election Committee shall select a Chair. The duties of this committee are to ensure the Qualifications and Requirements set forth in Article Four, Section 3 herein are met, to try to ensure equitable geographic representation is maintained and to conduct the election at the Annual Business Meeting. Specifically, if no nomination is received from the jurisdictions in the region in which a full term vacancy exists, nominations may be accepted from any region.

All nominees for the Board of Trustees will be voted upon by the member jurisdictions at the Annual Business meeting.

Mid-term Vacancies - If a mid-term vacancy occurs on the Board, an attempt shall first be made to fill the vacancy by nominations from jurisdictions in the region in which the vacancy occurred. Nominations shall be received within 20 days of being solicited and commissioners from all member jurisdictions will have a further 20 days to vote. If no nominations are received from the jurisdictions in the region in which the vacancy occurred, nominations will be accepted from any region. If only one nominee is received by the nomination deadline, the Board of Trustees may accept the nominee by acclamation. The nominees receiving the most votes or being named by acclamation will take a seat on the Board of Trustees effective with the next scheduled Board of Trustees meeting. A Trustee elected to fill a vacancy shall serve the unexpired term of his or her predecessor Trustee.

To expedite the replacement of mid-term vacancies, nominations and elections will be conducted using electronic means.

Section 11 *Standing Committees.* No member of the Board shall serve as the chair, vice-chair, or as a member of a Standing Committee established by the International Fuel Tax Agreement.

Section 12. *Resignation.* A Trustee who is absent from two consecutive board meetings shall have deemed to have resigned from the Board unless an absence is excused by a majority

of the Board. A Trustee who has so resigned may be reappointed in accordance with Section 10 of this Article.

Article V - Officers

Section 1. *Titles and Duties.* The officers of IFTA, Inc. shall be the President, the ~~First~~ Vice-President, the Secretary, the Treasurer and the Past President. The President shall be the principal executive officer of IFTA, Inc. The President shall preside at all meetings. The President shall prepare and present an annual report of the work of IFTA, Inc. to the members at the annual meeting. The President shall see that all books, reports, and certificates required by law are properly kept or filed. The President shall have such other powers that may be reasonably necessary to the performance of the office. The Vice-President, the Secretary, and the Treasurer shall perform such duties as the President may from time to time assign or delegate to them.

Section 2. *Election and Term of Office.* The President, the Vice-President, the Secretary and the Treasurer shall be elected by majority vote of the Trustees. Trustees or trustees elected during the most recent Annual IFTA Business Meeting, shall be eligible to be President, Vice President, Secretary or Treasurer. The Executive Director of IFTA, Inc. shall be appointed by the Board. The Executive Director of IFTA, Inc. shall be an ex officio member of the Board with no voting rights. The President, the Vice-President, the Secretary and the Treasurer shall serve a one year term but may serve more than one term. The immediate Past President shall serve just one year with no voting rights unless the immediate Past President is still an elected member of the Board of Trustees in which case, the immediate Past President will retain the voting rights of a trustee but vacate the title of Past President after serving one year.

Section 3. *Vacancies.* Should the office of President become vacant, the Vice-President shall fill the vacancy. Should the office of the Vice-President become vacant, the Secretary shall fill the vacancy. A vacancy in the office of the Secretary or the Treasurer shall be filled by a two-thirds majority vote of the remaining Trustees. Officers who fill vacancies shall serve the unexpired portion of the term of the predecessor in that office.

Section 4. *Resignation.* The President, the Vice-President, the Secretary and the Treasurer may resign from the office without having to resign from the Board.

Section 5. Compensation. The President, ~~First~~ the Vice-President, the Secretary, the Treasurer and the Past President shall not, by virtue of the office, be entitled to receive any salary or compensation from IFTA, Inc., but nothing shall be construed to prevent any officer from receiving reimbursement for any expenses incurred on behalf of IFTA, Inc. . No reimbursement for expenses, other than travel expenses to attend IFTA, Inc. events, shall be paid to the President, the Vice-President, the Secretary, the Treasurer or the Past President unless approved by the Board by a two-thirds majority vote. No reimbursement for expenses, other than expenses within the Executive Director's previously granted authority per the IFTA, Inc. Financial Policy, shall be paid to the Executive Director unless approved by a majority of the Executive Committee.

Article VI – Committees

Section 1. Executive Committee. The President, the Vice-President, the Secretary, the Treasurer, the Executive Director and the immediate Past President shall constitute the Executive Committee. The immediate Past President shall serve as a non-voting/advisory member of the Executive Committee for a period of one year. The Executive Committee shall have such powers and duties as assigned to it by a two-thirds majority vote of the Trustees.

Section 2. Agreement Procedures Committee. The Agreement Procedures Committee shall have the responsibility of maintaining the Articles of Agreement and the Procedures Manual, and such other responsibilities assigned to it by the Board. In discharging these responsibilities, the Agreement Procedures Committee shall seek input from the Audit Committee, Law Enforcement Committee, Program Compliance Review Committee, and the Industry Advisory Committee. The President, with the approval of the Board, shall appoint an Agreement Procedures Committee Chair. The chair shall select the committee members to serve on the Agreement Procedures Committee, subject to approval by the Board. The committee members shall be selected from the membership of IFTA, Inc.

Section 3. Audit Committee. The Audit Committee has the responsibility for the Audit Manual, and such other responsibilities assigned to it by the Board. In discharging these responsibilities, the Audit Committee shall seek input from the Agreement Procedures Committee, Law Enforcement Committee, Program Compliance Review Committee, and the

Industry Advisory Committee. The President, with the approval of the Board, shall appoint an Audit Committee Chair. The Chair shall select the committee members to serve on the Audit Committee, subject to approval by the Board. The committee members shall be selected from the membership of IFTA, Inc.

Section 4. *Industry Advisory Committee.* The Industry Advisory Committee has the responsibility of advising the Agreement Procedures Committee, Audit Committee, Law Enforcement Committee, and Program Compliance Review Committee, as well as such other responsibilities assigned to it by the Board. The President, with the approval of the Board, shall appoint an Industry Advisory Committee Chair. The Chair shall select the committee members to serve on the Industry Advisory Committee, subject to approval by the Board. The committee members shall be selected from the Industry representatives who have expressed an interest in working with the Board.

Section 5. *Law Enforcement Committee.* The Law Enforcement Committee has the responsibility of advising the IFTA membership regarding law enforcement matters, and such other responsibilities as specified in the International Fuel Tax Agreement or assigned to it by the Board. In discharging these responsibilities, the Law Enforcement Committee shall seek input from the Agreement Procedures Committee, the Audit Committee, the Program Compliance Review Committee, and the Industry Advisory Committee. The President, with the approval of the Board shall appoint a Law Enforcement Committee Chair. The Chair shall select the committee members to serve on the Law Enforcement Committee, subject to approval by the Board. The committee members shall be selected from the membership of IFTA, Inc.

Section 6. *Program Compliance Review Committee.* The Program Compliance Committee has the responsibility of maintaining the IFTA Program Compliance Review Guide, establishing and maintaining a pool of qualified individuals to conduct compliance reviews, reviewing all program compliance review reports to determine any needs for reassessment, to make findings of compliance or non-compliance, and such other responsibilities as specified in the International Fuel Tax Agreement or assigned to them by the Board. In discharging these responsibilities, the Program Compliance Review Committee shall seek input from the Agreement Procedures Committee, the Audit Committee, the Law Enforcement Committee, and the Industry

Advisory Committee. The President, with the approval of the Board, shall appoint a Program Compliance Review Committee Chair. The Chair shall select the committee members to serve on the Program Compliance Review Committee, subject to approval by the Board. The committee members shall be selected from the members of IFTA, Inc.

Section 7. *Dispute Resolution Committee.* The Dispute Resolution Committee has the responsibility for hearing disputes pursuant to the IFTA Dispute Resolution Process. The Dispute Resolution Committee facilitates dispute resolution in a fair, impartial, effective, and expeditious manner. The President, with the approval of the Board shall appoint a Dispute Resolution Committee Chair. The Chair shall select the committee members to serve on the Dispute Resolution Committee, subject to approval by the Board. The committee members shall be selected from the members of IFTA, Inc. and the Industry Advisory Committee as set forth in the Dispute Resolution Committee Charter approved by the Board.

Section 8. *Clearinghouse Advisory Committee.* The Clearinghouse Advisory Committee (CAC) has the responsibility of advising the Board and the Executive Director of IFTA, Inc. of business rules for the operation of the Clearinghouse including consistency of submitted data, timeliness of the data and type of data allowed or required to be submitted. The CAC helps to ensure that the Clearinghouse operates within the IFTA requirements and that the data is usable and accessible for members. The CAC is also responsible for suggesting enhancements to the Clearinghouse. The President, with the approval of the Board shall appoint a Clearinghouse Advisory Committee Chair. The Committee members shall be selected from the membership of IFTA, Inc.

Section 9. *Other Committees.* The President, with the approval of the Board, may establish such other committees as from time to time are deemed necessary or desirable, and may, with the approval of the Board, appoint Chairs to such Committees.

Article VII - Employees

The Board may hire and determine the compensation and fringe benefits of the Executive Director by a two thirds vote of the Board. The Executive Director may be terminated for cause by a two thirds majority vote of the Board. The Executive Director shall be responsible for the day to day operations of the corporation and shall recommend to the Board the staffing needs of the

corporation. The Board must ratify the recommended hiring and termination of all employees by a two thirds vote

Article VIII - Contracts, Loans, Checks, and Deposits

Section 1. *Contracts.* The Board may authorize any officer to enter into any contract or execute and deliver any instrument in the name of and on behalf of IFTA, Inc. and such authority may be general or confined to specific instances.

Section 2. *Loans.* No loans shall be contracted on behalf of IFTA, Inc. and no evidence of indebtedness shall be issued in its name unless authorized by the Board. Such authority may be general or confined to specific instances.

Section 3. *Payments.* All payments issued in the name of IFTA, Inc. shall be signed by such officers or agents of the corporation and in such manner as shall from time to time be determined by the Board.

Section 4. *Deposits.* All funds of IFTA, Inc. shall be deposited to the credit of the corporation in such financial institutions as the Board may select.

Article IX- Definitions and Waiver of Notice

Section 1. *Definitions.* Except as provided by Article Three – Section 5, when the term majority is used in these bylaws it shall mean a two-thirds majority of the active member jurisdictions when referring to votes of members or a two-thirds majority of the Trustees, unless otherwise specified, when referring to votes on the Board. Any other terms used in these bylaws, not defined herein, shall have the same meaning as provided in the Agreement if the terms are defined therein.

Section 2. *Waiver of Notice.* When any notice is required to be given under these bylaws, a waiver thereof, in writing, signed by the member or Trustee entitled to such notice, whether before or after the time stated therein, shall be deemed equivalent to the giving of proper notice.

Article X – Conflicts Of Interest

Section 1. *Conflict Defined.* A conflict of interest exists when the interests or activities of any Executive Director, Trustee, or staff member may be seen as competing with the interests or

activities of the IFTA, Inc.; or the Executive Director, Trustee, or staff member derives a financial or other material gain as a result of a direct or indirect relationship.

Section 2. Disclosure. Any conflict of interest shall be disclosed to the Board of Trustees by the person who has the conflict. When the conflict relates to a matter requiring action by the Board of Trustees, that person shall not participate in the discussion nor vote on the matter, but their presence may be counted if it is necessary in order to achieve the quorum.

Article XI – Amendments

These Bylaws may be amended, altered, or repealed by the Board of Trustees and then ratified by a majority of a quorum vote at the annual business meeting. Text of the proposed change(s) shall be distributed to all membership in writing at least 45 days prior to the annual business meeting to vote on the proposed change(s).